

(iii) Loans for multiple advance construction on DIAS, with annual installment and deferred principal payments, may include the cost of interest during construction as authorized in § 1944.158 (j).

(2) The advice of the Office of the General Counsel (OGC) should be obtained for all loans and/or grants to organizations and associations of farmers and their comments included in the memorandum to the State Director. If the State Director determines that the loan and/or grant should be approved, the State Director will approve the loan and/or grant and sign the memorandum to the District Director as required by paragraph (e)(1) of this section.

(f) *Submission of docket to National Office.* The final loan and/or grant docket need not be submitted to the National Office unless required by an authorizing memorandum resulting from compliance with § 1944.170.

(g) *Announcement.* When it is determined that a loan and/or grant can be approved, project information will be prepared in accordance with FmHA Instruction 2015-C which is available in the FmHA or its successor agency under Public Law 103-354 State and National Offices.

(h) *Establishing borrower/project data.* Prior to loan approval, the State Director, District Director or a designee will input into the accounting system through field office terminals, the information contained in Form FmHA or its successor agency under Public Law 103-354 1944-50.

[45 FR 47655, July 16, 1980, as amended at 47 FR 36414, Aug. 20, 1982; 49 FR 3762, Jan. 30, 1984; 50 FR 8591, Mar. 4, 1985; 54 FR 29332, July 12, 1989; 55 FR 13503, Apr. 11, 1990; 58 FR 38923, July 21, 1993]

§ 1944.172 [Reserved]

§ 1944.173 Loan and grant approval—delegation of authority.

The State Director and District Director are authorized to approve loans and/or grants in accordance with this subpart and subpart A of part 1901 of this chapter. The State Director may delegate loan or grant approval in writing to State Office employees other than District Directors. No LH grant

may be approved by the State Director without the prior consent of the National Office.

(a) *Action before loan or grant approval.* The loan or grant approval official is responsible for reviewing the docket to determine that the proposed loan and/or grant complies with all pertinent regulations, instructions, and directives. In making this review, the approval official will determine that:

(1) The applicant is eligible.

(2) The funds are requested for authorized purposes.

(3) The proposed loan or grant is sound.

(4) The security is adequate for the loan.

(5) All preapproval requirements have been met.

(6) Compliance with title VI of the Civil Rights Act will be met.

(7) All other requirements will be met.

(b) *Approval of loan or grant.* When a loan or grant is approved:

(1) The approving official will prepare and sign Form FmHA or its successor agency under Public Law 103-354 1944-51 in an original and one copy. The State Director, District Director or a designee will record the obligation of loan and/or grant funds for the project through a field office terminal in accordance with the FMI for Form FmHA or its successor agency under Public Law 103-354 1944-51 and the MFH User Procedure.

(2) The individual obligating the loan or grant will record the date and time of the obligation and sign Form FmHA or its successor agency under Public Law 103-354 1944-51 in accordance with the FMI.

(3) The obligation date of loan and/or grant funds will be confirmed through use of field terminals the following work day.

(4) The Finance Office will mail the State Office Form FmHA or its successor agency under Public Law 103-354 1944-57, "MFH Acknowledgement of Obligated Funds/Check Request," confirming the reservation of funds with the obligation date inserted as required by the FMI for Form FmHA or its successor agency under Public Law 103-354 1944-57. Form FmHA or its successor agency under Public Law 103-354 1944-57

will be prepared and distributed in accordance with the FMI.

(5) Form FmHA or its successor agency under Public Law 103-354 1944-51 *will not* be mailed to the Finance Office unless there is an excessive time period in which the terminals are not operable. Immediately after confirming the reservation of funds for not-for-profit organizations and public bodies, through use of the terminal operating station, the State Director will call the Information Division in the National Office as required by subpart C of part 1900 of this chapter. Notice of approval to the applicant will be accomplished by mailing the applicant's signed copy of Form FmHA or its successor agency under Public Law 103-354 1944-51 on the obligation date. The State Director, District Director or a designee will record the actual date of applicant notification on the original of Form FmHA or its successor agency under Public Law 103-354 1944-51 and include the original of the form as a permanent part of the District Office project file with a copy in the State Office file.

(6) Determine the maximum rental rates to be charged domestic farm labor for occupancy of the housing, and advise the applicant, in writing, of these maximum rates. In determining the maximum rental rates due consideration must be given to the income and earning capacity of the prospective occupants of the housing and the cost of operating and maintaining such housing. As a general guide, the rental charges should not exceed 25 percent of the occupant families' estimated adjusted annual income.

(c) *Disapproval of or adverse action on a loan or grant.* When a loan and/or grant is disapproved or if adverse action is taken, the reasons for such action will be shown on the original Form FmHA or its successor agency under Public Law 103-354 1944-51. Form FmHA or its successor agency under Public Law 103-354 1944-51 will be initialed and dated. The District Director will notify the applicant in writing of the disapproval of or adverse action on the loan or grant and the reasons therefore and advise them of their right to appeal in accordance with subpart B of part 1900 of this chapter. The disapproved docket will then be han-

dled in accordance with Form FmHA or its successor agency under Public Law 103-354 Instruction 2033-A which is available in any FmHA or its successor agency under Public Law 103-354 office. Any appeals as a result of disapproval or adverse action will be handled in accordance with subpart B of part 1900 of this chapter.

[45 FR 47655, July 16, 1980, as amended at 50 FR 8591, Mar. 4, 1985]

§ 1944.174 Distribution of loan and/or grant approval documents.

For a loan to an organization, or in special cases, the approved loan or grant docket, including any title evidence, will be sent to OGC by the State Office for preparation of closing instructions and any special legal documents required for closing. The original executed, witnessed loan and grant resolution, or a certified copy of the required loan and grant resolution must be supplied by the applicant in time to be included in the loan or grant docket. If applicable, the docket will also include the proposed grant agreement for OGC review. No docket will be considered which fails to include such a required resolution or proposed agreement. OGC will route the docket, including closing instructions and any such legal documents, to the District Office through the State Office for review and for inclusion of any further instructions needed in closing the loan.

[45 FR 47655, July 16, 1980, as amended at 47 FR 54423, Dec. 3, 1982]

§ 1944.175 Actions subsequent to loan and/or grant approval.

(a) *Interim financing from commercial sources.* Interim financing may be used when a loan or combination loan and grant exceeds \$50,000 provided funds can be borrowed at reasonable interest rates from commercial sources for the construction period. When interim commercial financing is used:

(1) The docket will be processed to the stage where the FmHA or its successor agency under Public Law 103-354 loan or combination loan and grant would normally be closed. FmHA or its successor agency under Public Law 103-354 loan or combination loan and grant